

Appendix X – Waivers/Workflex

WIA Waiver Request

Statutory/Regulatory Provision:	Allow ITAs for Older Youth				
Citation: Statute:	Sec. 122, Sec 123, Sec 129(c)(2)&(3)(A)(ii)		Citation: Regulation:	§664.510	
Entity:	Pennsylvania Department of Labor & Industry				
Contact:	Sandi Vito	Phone:	717-705-2630	Fax:	717-787-8826
Address:	7th and Forster Sts.	City:	Harrisburg	State:	PA Zip: 17120
Duration:	From:	[date of approval]	To:	6/30/2005	
Governor:	Edward G. Rendell				

Justification (Narrative 1)

Pennsylvania requests a waiver of the statutory exclusion and regulatory prohibition of using Individual Training Accounts (ITAs) for older youth. Pennsylvania's Department of Labor & Industry (DLI), the administrative entity for the Workforce Investment Act (WIA) in the Commonwealth, requests this waiver in response to feedback from state agencies and local workforce investment areas, and in consideration of precedents set by approval of similar waivers requested by Indiana, Kentucky, Georgia and Texas.

The WIA statute at Section 129 does not provide youth access to ITAs. The WIA Final Regulations at Sec. 664.510 specifically prohibits the use of youth funds to support ITAs for older youth with youth funding.

Under WIA, the focus of youth programs has changed from the provision of short-term, stand alone programs to providing year-round, long-term services designed to assist both in-school and out-of-school youth make the transition to post-secondary training and careers. We believe the intent of this regulation is viable; however, we do not feel that contracted year-round youth programs are the best and only training vehicle for certain individuals within Pennsylvania's older youth population. Older youth continue to be one of the most difficult populations to serve because their interest lies in obtaining self sufficient, full-time employment rather than being involved in a typical structured setting that youth contracts provide. Utilization of service elements through year-round contracting too often results in delaying older youths' access to training, and subsequent employment. In addition, the real-life informed decision-making involved in using ITAs and the Eligible Training Program Provider (ETPP) list would provide these older youth with the experience of responsibility that is so necessary as an adult.

Local Workforce Investment Areas currently have the option to dual-enroll eligible individuals in youth and adult services, which allows older youth to access ITAs. Such dual enrollment solely for the purpose of allowing older youth access to ITAs, however, restricts local flexibility to manage limited resources. The option to allow Older Youth to access ITAs and the ETPP process using Youth funds and consequently, retain adult funds to provide adult services, enhances local flexibility, which is one of the seven key principles of the WIA. The option for dual enrollment into youth and adult services would still be an option if the Local Workforce Investment Area determines it to be, based on available resources and the needs of the individual.

WIA requires local areas make available a menu of ten program elements, specified at 20 CFR 664.410, to eligible youth. We believe the intent of this regulation is practical for successful outcomes for older youth. We will, through the local plan process, require the local workforce investment areas to outline a plan of action to ensure compliance with this regulation for persons receiving payment of training services through an Individual Training Account. This waiver is not being requested to

circumvent the older youth requirements of WIA, but to bring service delivery for youth closer to the intent of the Act, and to serve customers efficiently according to their individual needs.

The use of ITAs for older youth would be implemented by the Commonwealth upon USDOL's approval of this waiver request.

Outcomes/Benefits (Narrative 2)

Goals to be Achieved by the Waiver:

- Ensures the local areas have the flexibility to design and deliver programs based on the needs of their customers, rather than restrictions based solely on age.
- Reduces the paperwork and tracking processes requirement in dual enrollment (Older Youth and Adult) as is now necessary for an older youth to access occupational skills training through the Adult Individual Training Account (ITA) and Eligible Training Program Provider (ETPP) process.
- Offers Youth the real-life learning experience of making an informed decision that has direct impact on his/her life. Using the ITA/ETPP process with older youth offers case managers the opportunity to discuss the process of decision-making (training provider, finances, etc) and the results that ensue.
- Provides for and promotes customer choice and brings market forces into play.
- Maximizes local flexibility based on youth customers' assessed needs in terms of training that leads to self-sufficiency in demand occupations.
- Provides older youth more choice by opening up the Adult ETPP.

Description of the Individuals Impacted by the Waiver: The waiver can positively impact all older WIA eligible youth. These customers will receive the type of services that most closely and quickly meet their needs without unnecessary paperwork and tracking.

Monitoring/Evaluation Process (Narrative 3)

Description of the Process to Monitor Progress: The Pennsylvania Department of Labor and Industry is the State administrative entity for the Workforce Investment Act. The waiver enables Pennsylvania the flexibility to design seamless delivery of services and to customize the education and training programs for youth. With an emphasis on furthering customer satisfaction through choice, individual opportunity, and continuity of services, each local workforce investment area can ensure an efficient and quality delivery system. The Pennsylvania Department of Labor & Industry will monitor the implementation and impact of the waiver, through a combination of reporting from the local level, state oversight, and evaluation. Performance measures from the workforce regions will be evaluated quarterly, to determine the impact of the waiver approval. The State will gather information through discussion on the progress of the implementation of the waivers, performance data, and obstacles encountered, if any. To ensure fiscal integrity, there will be both adequate oversight and complete, consistent reporting. The State will review applicable policies and procedures and modify them accordingly.

Other Comments Provided (Narrative 4)

Consistent with the general waiver request, the State is adhering to publication requirements to insure the broadest participation possible, including informing appropriate partners and interested parties, such as labor, community based organizations, local workforce boards and the State workforce youth council. A public comment period was provided from October 1, 2004 through October 15, 2004. Letters of support from local workforce investment areas are included with this submission.

WIA Waiver Request

Statutory/Regulatory Provision:	Permit use of Local Area formula funds and Statewide Rapid Response funds for Statewide Activities (incumbent worker training)						
Citation: Statute:	Sec.128(a) & (b); Sec. 129(b) & (c); Sec. 133(a) & (b); Sec. 134(a), (b) & (c)			Citation: Regulation:	§ 665.110; §665.320(d)(2); § 667.130		
Entity:	Pennsylvania Department of Labor & Industry						
Contact:	Sandi Vito	Phone:	717-705-2630	Fax:	717-787-8826		
Address:	7th and Forster Sts.	City:	Harrisburg	State:	PA	Zip:	17120
Duration:	From:	[date of approval]		To:	6/30/2007		
Governor:	Edward G. Rendell						

Justification (Narrative 1)

Pennsylvania requests a waiver for Local Workforce Investment Areas to use up to 10 percent of Local Area formula allocations for adults, dislocated workers and youth to provide allowable statewide employment and training activities (including incumbent worker training); and to transfer a percentage of the state set-aside Rapid Response funds to the state set-aside Governor's reserve funds.

Regarding use of local formula funds for statewide activities:

The Commonwealth requests waiver of the language that limits the authority to provide the activities identified in WIA sections 129(b) and 134 to the State. The waiver will allow Local Areas to use, on a voluntary basis, up to 10 percent of Local Area formula allocation funds for adults, dislocated workers and youth to provide allowable statewide employment and training activities (including incumbent worker training). Local Areas will submit a request to the State for approval prior to implementing this action. The transfer will enhance the ability of the State and Local Areas to carry out WIA Title IB adult, youth, and dislocated worker activities. Funds will continue to be tracked by funding stream, and will not be combined, losing individual funding stream identity.

Regarding the use of Rapid Response funds for statewide activities:

Pennsylvania requests a waiver of 20 CFR 665.320(d)(2), for funds reserved for allowable state activities under WIA Sec. 133(a)(2), to allow the transfer of up to 50 percent of the state set-aside Rapid Response funds to the Governor's Reserve funds. The funds would be used only for program purposes allowable under Section 134(a), not administration as indicated in Section 134(a)((3)(A)(i) and (B). This transfer ability would be analogous, at the state level, to the ability of local areas to transfer among adult and dislocated worker funds.

Having the option to use up to half of the State's Rapid Response funds for additional statewide activities will help promote the development of projects statewide to improve job retention and avoid additional layoffs.

The direction of the current national workforce development principles and direction promotes cross-cutting of separate programs and silos wherever possible in order to enhance effectiveness of service delivery, both in customers' receipt of services and in program costs. Governor Rendell endorses those principles. Approval of this waiver request would contribute to alignment of Pennsylvania's local-level workforce development strategy with the Governor's vision for an improved workforce system. In addition, waiver approval would enhance alignment of Pennsylvania's workforce development

strategies with USDOL's national strategic priorities, including enhanced integration of workforce investment systems to better be able to respond to the needs of customers; and provide greater flexibility in structuring workforce investment systems.

There are no state or local statutory or regulatory barriers to implementing the proposed waiver.

Upon notification of approval of this waiver request, State policy will be amended to comply with the terms of the waiver, and applicable policies and procedures will be developed and issued to Local WIBs.

Outcomes/Benefits (Narrative 2)

Goals to be Achieved by the Waiver:

This waiver is instrumental as a component in State workforce strategy, which is consistent with national policy direction, to develop a more integrated, efficient and effective workforce system.

- Local responsiveness for program effectiveness:
 - Improve the ability of Local Boards to respond to changes within their Local Areas.
 - Provide greater flexibility to Local Boards in designing and implementing WIA programs.
 - Increase local control for program delivery.
- Statewide program effectiveness:
 - Increase employer/board collaboration to address industry needs and worker training.
 - Enhance employment, reemployment, and job retention for job seekers and workers by providing education, training and other services necessary to assist individuals in moving along the wage and skill continuum.
 - Enhance effective access of individuals and businesses to training and employment services that meet workforce needs.
 - Contribute to maintaining and increasing the availability of a quality mix of jobs in all Pennsylvania communities.

Description of the Individuals Impacted by the Waiver:

The most immediate outcome of the requested transfer will be to increase the numbers of incumbent workers who would not otherwise be trained. That impact will be felt widely across the Commonwealth.

This waiver will benefit Local Boards, CareerLinks, employers, job seekers, and services providers, and Pennsylvania's communities. The following are specific impacts of the proposed waiver:

- Program participants will benefit because Local Boards will have added flexibility to design programs based on local needs and priorities.
- More customers will have access to essential services.
- Local Boards will be able to target more resources to layoff aversion activities involving incumbent worker training.
- The State will be able to more effectively target resources where most needed to provide incumbent worker services.

- Pennsylvanians will benefit from results of this waiver through an improved economy. By increasing the skill base of employees in local business and industry, Pennsylvania's employer community would strengthen their standing in competitive markets, leading to more robust local economies, thus benefiting the communities in which they are based.

Monitoring/Evaluation Process (Narrative 3)

Description of the Process to Monitor Progress:

The Pennsylvania Department of Labor and Industry is the State administrative entity for the Workforce Investment Act. The waiver enables Pennsylvania the flexibility to design seamless delivery of services and to customize the planning and service delivery for applicable programs.

Should this waiver request be granted, the State will ensure regular review of the funds utilized for this purpose to monitor outcomes and impacts and make appropriate adjustments. The State will also ensure that local services mandated under WIA will not be negatively impacted by this waiver.

The Pennsylvania Department of Labor & Industry will monitor the implementation and impact of the waiver through a combination of reporting from the local level, state oversight, and evaluation. Financial data and performance measures from Local Areas will be evaluated regularly to determine the impact of the waiver approval. To ensure fiscal integrity, there will be both adequate oversight and complete, consistent reporting. The State will also gather information through discussion on the progress of the implementation of the waivers, addressing concerns and obstacles encountered, if any.

The State will review applicable policies and procedures developed for this waiver, as well as other policies and procedures, and modify them as necessary.

Other Comments Provided (Narrative 4)

Consistent with the general waiver request, the State is adhering to publication requirements to ensure the broadest participation possible, including informing appropriate partners and interested parties, such as labor, community based organizations, LWIBs and the State Workforce Investment Board. A public comment period was provided from May 10, 2005 through May 23, 2005.

WIA Waiver Request

Statutory/Regulatory Provision:	Allow up to 100% transfer between Adult and Dislocated Worker funding streams						
Citation: Statute:	Sec. 133(b)(4)			Citation: Regulation:	§ 667.140		
Entity:	Pennsylvania Department of Labor & Industry						
Contact:	Sandi Vito	Phone:	717-705-2630	Fax:	717-787-8826		
Address:	7th and Forster Sts.	City:	Harrisburg	State:	PA	Zip:	17120
Duration:	From:	[date of approval]		To:	6/30/2007		
Governor:	Edward G. Rendell						

Justification (Narrative 1)

Pennsylvania requests a waiver of the statutory exclusion and regulatory prohibition of the transfer of no more than 20% of a program year's allocation between the Adult and Dislocated Worker funding streams. The waiver would grant individual Local Workforce Investment Boards (LWIBs), with the Governor's approval, the ability to transfer up to 100% of each program year (PY) allocation between the Adult and Dislocated Worker funding streams, beginning in PY 2005.

WIA Section 133(b)(4) and 20 CFR 667.140(a) provide that with the approval of the Governor, LWIBs may transfer up to 20% of a program year's allocation for adult employment and training activities, and up to 20% of a program year's allocation for dislocated worker employment and training activities, between the two programs. Federal appropriations bills enacted for fiscal years 2003 and 2004 included a provision that allowed transfer of up to 30% of funding between both the adult and dislocated worker programs. The Commonwealth has found this additional transfer allowance to be beneficial in local planning and in meeting local service needs. This proposed waiver, allowing up to 100% transfer, would further enhance local abilities to address workforce needs within the Local Workforce Investment Areas.

The direction of the current national workforce development principles and direction promotes cross-cutting of separate programs and silos wherever possible in order to enhance effectiveness of service delivery, both in customers' receipt of services and in program costs. Governor Rendell strongly endorses those principles. Approval of this waiver request would contribute to alignment of Pennsylvania's local-level workforce development strategy with the Governor's vision for a more integrated and effective workforce system. In addition, waiver approval would enhance alignment of Pennsylvania's workforce development strategies with USDOL's national strategic priorities, including enhanced integration of workforce investment systems to better be able to respond to the needs of customers; and provide greater flexibility in structuring workforce investment systems.

Upon USDOL notification of approval of this waiver request, State policies will be developed and issued to comply with the terms of the waiver, and to put in place the necessary mechanisms that ensure effective use of the new transfer authority, including outlining specific actions that each LWIB must take in requesting the Governor's approval to modify the current transfer percentage rate.

Outcomes/Benefits (Narrative 2)

Goals to be Achieved by the Waiver:

- Improve the ability of LWIBs to respond to workforce and economic dynamics within their Local Areas;
- Increase local control for program delivery;
- Increase employer collaboration between industry need and worker training, enhancing the LWIB's ability to respond to employer needs for workers trained in employer-specific skills;
- Increase accountability at the State, local, and service provider levels;
- Improve performance outcomes; and
- Improve the ability of LWIBs to design programs and provide targeted assistance in response to customer needs.

Description of the Individuals Impacted by the Waiver:

The waiver is expected to benefit LWIBs, CareerLink Partner programs, employers, service providers, and WIA customers overall.

- LWIBs will have the flexibility to design programs based on local needs and priorities.
- CareerLink partner programs will be able to better align their service offerings with those of the local WIA programs.
- Employers will be better served through participants that acquire skills specific to each employer's needs.
- WIA program participants will receive services appropriate to the participant group(s) for which they are eligible.
- Increased utilization of funds will result in more participants being served in the aggregate.

Monitoring/Evaluation Process (Narrative 3)

Description of the Process to Monitor Progress:

The Pennsylvania Department of Labor and Industry is the State administrative entity for the Workforce Investment Act. The waiver enables Pennsylvania the flexibility to design seamless delivery of services and to customize the planning and service delivery for applicable programs.

The Pennsylvania Department of Labor & Industry will monitor the implementation and impact of the waiver through a combination of reporting from the local level, state oversight, and evaluation. Financial data and performance measures from Local Areas will be evaluated regularly to determine the impact of the waiver approval. To ensure fiscal integrity, there will be both adequate oversight and complete, consistent reporting. The State will also gather information through discussion on the progress of the implementation of the waivers, addressing concerns and obstacles encountered, if any.

The State will review applicable policies and procedures developed for this waiver, as well as other policies and procedures, and modify them as necessary.

Other Comments Provided (Narrative 4)

Consistent with the general waiver request, the State is adhering to publication requirements to insure the broadest participation possible, including informing appropriate partners and interested parties, such as labor, community based organizations, LWIBs and the State Workforce Investment Board. A public comment period was provided from May 10, 2005 through May 23, 2005.

- Foreign Labor Certification (FLC). FLC provides Foreign Labor Certification program area staff the ability to add, maintain, and print Foreign Labor cases. It also provides users with ability to maintain reference tables such as Employer and Attorney demographic information.
- The Office of Vocational Rehabilitation (OVR) system. This system is a mainframe-based system that is used to track individuals who come to OVR for assistance, the services provided to those individuals, and the outcome of the vocational rehabilitation process. It is used to collect all of the information necessary to meet federal and state reporting requirements for the agency and to collect and submit information necessary to provide payment to vendors who provide services for vocational rehabilitation customers.
- America's Labor Market Information System (ALMIS) Database. The ALMIS Database is a normalized relational database structure developed for the storage and maintenance of employment statistics, labor market information (LMI), employer listings and related economic and demographic data. The ALMIS Database provides states with a common structure for storing information in a single database in each state. The database is vital to providing interstate access to workforce information.

See Appendix W (Technology Infrastructure) for technical information on these systems.

B. Use of Statewide Activities Funds

Pennsylvania's primary focus for use of Statewide Activities Funds is incumbent worker training. As previously described, one of Governor Rendell's goals for the SFY 2005-06 workforce development budget is to strengthen Pennsylvania industries and create industry-led training strategies. Pennsylvania has already identified nine targeted industry clusters in which Pennsylvania has a competitive advantage and the potential for long-term economic growth. These clusters will serve as the basis for industry-driven workforce development. New Industry Partnerships are being developed in targeted sectors of the economy. Additionally, occupational analysis is being conducted to pinpoint high-demand, high-skills and high-wage jobs and careers so that limited training resources can be focused on these occupations.

In addition to incumbent worker training, Statewide Activities funds will also be used for incentive awards and IT enhancements to the statewide systems that provide fiscal and management information.

Additional options for use of these funds may be implemented as necessary to meet the Commonwealth's needs.

C. Waivers and Workflex

The Commonwealth's request for waiver of the current WIA performance measures in order to implement the Common Measures developed by OMB was approved by USDOL on January 31, 2005. Pennsylvania is requesting continued authority for this waiver.

Additionally, on April 22, 2005, the Commonwealth received approval of a waiver of the statutory exclusion and regulatory prohibition of using Individual Training Accounts (ITAs) for older youth. Older youth continue to be one of the most difficult populations to serve because their interest lies in obtaining full-time employment rather than being involved in a typical structured setting that youth contracts provide. This waiver would provide flexibility by opening

In addition to the requirements above, all occupations for which petitions are made must have an annual average salary above \$25,364 (200% of poverty-level income for one adult and one child). Exceptions will be considered for occupations with documented career ladders leading to higher-paying positions.

LWIBs have up to 60 days following the initial distribution of the High-Priority Occupations List to file a petition. A Regional High-Priority Occupation Application Form has been developed for this purpose and is available at <http://www.paworkforce.state.pa.us/>.

(See Appendix B for additional high-priority occupation information)

Establishing System-Wide Performance Measures

With the July 2004 implementation of the Performance Management Plan, a set of common quantitative and strategic measures will be used to evaluate the following workforce programs and initiatives: Community Colleges, the Pennsylvania Higher Education Assistance Agency, Apprenticeships, Workforce Investment Act Title I Programs, Employment Services, Local Workforce Investment Boards, PA CareerLinks, Trade Adjustment Act, Adult Basic and Literacy Education, Welfare-to-Work, Office of Vocational Rehabilitation, Corrections, Career and Technical Education, Pennsylvania Conservation Corps, Customized Job Training Programs and WEDnetPA.

An integrated data management system to share workforce program information across departments is being developed to ensure that data collected from each of the 22 programs across the Commonwealth are uniform.

6. Evaluating and Correcting Performance

With the recent approval of the common measures waiver, Pennsylvania is in the process of developing a new technical assistance and sanction policy to be utilized when evaluating performance.

7. Implementing Common Measures

In anticipation of the waiver being approved and the development of Pennsylvania's Performance Management Plan, which incorporates the common measure concept, Pennsylvania has taken numerous steps toward implementing common measures across all workforce development programs. A number of meetings and conference calls have been held with regional ETA staff. Meetings with local stakeholders have been held to discuss the measures and the impact on their operations, and workgroups have been formed to set policy regarding the youth measures. Also, PA CareerLink system modifications have commenced to capture the additional data items necessary, weekly meetings are held with program and technical staff to ensure continued progress and a consistent message regarding the common measures, and baseline data are being produced to prepare for negotiating Program Year 2005 levels.

Next steps include development of a policy regarding implementation which will be provided to the Local Areas, finalization of system enhancements to capture data, submission of proposed performance levels and preparation for reporting under the common measures system.